

Date: May 1, 2009

To: Employees and Partners of Oregon Housing and
Community Services

From: Victor Merced

Re: Director's Bulletin –Stimulus Guidelines, Monetizing the Homebuyer
Tax Credit, Tracking Low-Income Employment, Neighborhood
Stabilization, Housing PLUS Update, Ways and Means

We at Oregon Housing and Community Services are hopeful that federal agencies will soon provide stimulus guidelines on tax credits to housing finance agencies across the nation, sparking affordable housing construction.

HFAs, including OHCS, were told again this week by insiders at the National Council of State Housing Agencies and the National Housing Trust that the guidelines are imminent.

At issue are funding gaps for low-income housing, the result of the flight of tax-credit investors from the market, lower than expected prices for credits and resulting construction delays, all driven by the sour economy

Stimulus guidelines. Critical programs under the American Recovery and Reinvestment Act cannot move forward in the states without guidelines from Housing and Urban Development, Treasury and the Internal Revenue Service.

IRS and Treasury are formulating the rules for the Tax Credit Exchange Program which will give state HFAs the option of turning in unused and returned 2008 Low-Income Housing Tax Credits for grant funds and some 2009 LIHTC credits for grant funds.

HUD is putting together rules for TCAP, the Tax Credit Assistance Program, which provides additional funds to HFAs that allocate federal tax credits.

The funds are coordinated with LIHTCs to fill financing gaps caused by the collapse of the tax credit market and to jumpstart stalled housing development projects, thereby creating jobs.

Expectation surrounding the guidelines is high. Partners of Oregon Housing and Community Services certainly said so on Friday, April 24, when they attended the second meeting with the agency to learn details of federal stimulus as it would apply to their work serving the public and their applications to build affordable housing.

The meeting, yet another example of the collaboration among OHCS associates, was particularly collegial. We do not expect to hold another partner meeting to discuss the stimulus until federal agencies have come forth with TCAP and tax-credit-exchange guidelines.

Economic boost: monetize. Oregon Housing and Community Services is carefully considering a concept – “monetizing” the first-time homebuyer tax credit – that several HFAs around the nation have adopted to help stimulate housing sales in their states.

[The tax credit](#) was instituted under the federal stimulus bill. When monetized, or transformed into a loan, the proceeds would be used toward a qualifying homebuyer’s down payment under this strategy.

An increasing body of anecdotal evidence indicates this concept is effective at stimulating the economy in the monetizing states. The idea has pitfalls, but on balance we at OHCS are giving it serious thought.

Oregon Way Advisory. Our suggestion to capture project-benefits data on low-income and other Oregonians was affirmed by my colleagues on the Oregon Way Advisory Group this week.

During our third meeting, we concentrated our attention on “job creation” from the list of criteria, emphasizing the need for long-term jobs as we worked to refine the guidelines for determining signature projects in Oregon to receive federal stimulus dollars.

The list covers: job creation, Oregon based companies, workforce development, reduced energy impact, integrating the work of public-private, local-state and federal partners, and Oregon-grown innovation.

In other action, the advisory group recommended to the governor an electric car infrastructure for Oregon. The plan would include more than 1,200 recharging stations across the state.

The Oregon Way Advisory Group got good news from the governor’s liaison to Washington D.C. Dan Desimore indicated the private-public vetting of projects by the group fits the model embraced by federal agencies managing the stimulus funds and with President Barack Obama’s priorities.

NSP 1: \$19.6 million. Solid stimulus planning is paying off for Oregonians, the beneficiaries of dedicated advance work done by Oregon Housing and Community Services to capture federal funds under the Neighborhood Stabilization Program 1. NSP 1, authorized under the Housing and Economic Recovery Act of 2008, is a program of the Department of Housing and Urban Development, designed to stabilize neighborhoods threatened with blight resulting from widespread subprime mortgage foreclosures.

It is differentiated from NSP 2, instituted by the American Recovery and Reinvestment Act of 2009, under which, Oregon’s share has not yet been announced.

Oregon is now receiving \$19.6 million in phases under NSP 1, 60 percent (or about \$11.4 million) going through Oregon’s Community Development Block Grant

entitlement communities where significant foreclosures threaten neighborhoods. These are: Portland/Multnomah County, Gresham, Clackamas County, Washington County/Beaverton/ Hillsboro, Salem, Eugene, Springfield, Medford and Bend.

Distribution of 40 percent (or about \$8.1 million) will be managed by OHCS and is targeted for the remainder of the state, primarily rural areas, where identifiable concentrations of foreclosures exist.

OHCS expects that its July-31 report to HUD on NSP 1 will send a positive message. The anticipated outcome is that federal funds are being thoughtfully used in Oregon communities to create jobs, provide homes for Oregonians and thereby stabilize neighborhoods.

Rural Housing PLUS. The State Housing Council has approved several projects that provide supportive services along with permanent housing to homeless men, women and children who live outside Oregon's entitlement areas.

The council approved two of these important rural projects at its April meeting – 310 Columbia Blvd. in St. Helens, serving the chronic homeless, and Rogue Retreat in Medford, for homeless families and individuals who suffer from addictions.

The council approved one more today – Trail's View in Klamath Falls – to serve families and individuals experiencing long-term homelessness, addictions and mental illness. Trail's View receives more than \$835,000 for construction and development and more than \$166,000 for rental assistance and supportive services.

On the horizon.

- The [Home Ownership Preservation Event](#) is coming up this weekend. It is expected to draw hundreds of Oregonians dealing with foreclosure: Saturday, May 2, from 10 a.m. to 7 p.m., at the Portland Memorial Coliseum. OHCS is a sponsor.
- Ways and Means considers the OHCS budget next week. This is the big one for our agency. The agency's presentation will come before the Subcommittee on Transportation and Economic Development starting at 3 p.m., Monday and Tuesday. Public testimony is scheduled for Wednesday at 3. All this will be in hearing room 174 of the Capitol.

Be watching next week for my summary of the OHCS presentation to Ways and Means.

What you do is to make your best arguments, listen hard to what other people have

to say, and coax folks in the right direction.

~ President Barack Obama, April 29, 2009

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